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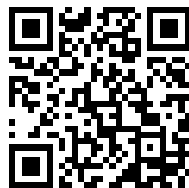
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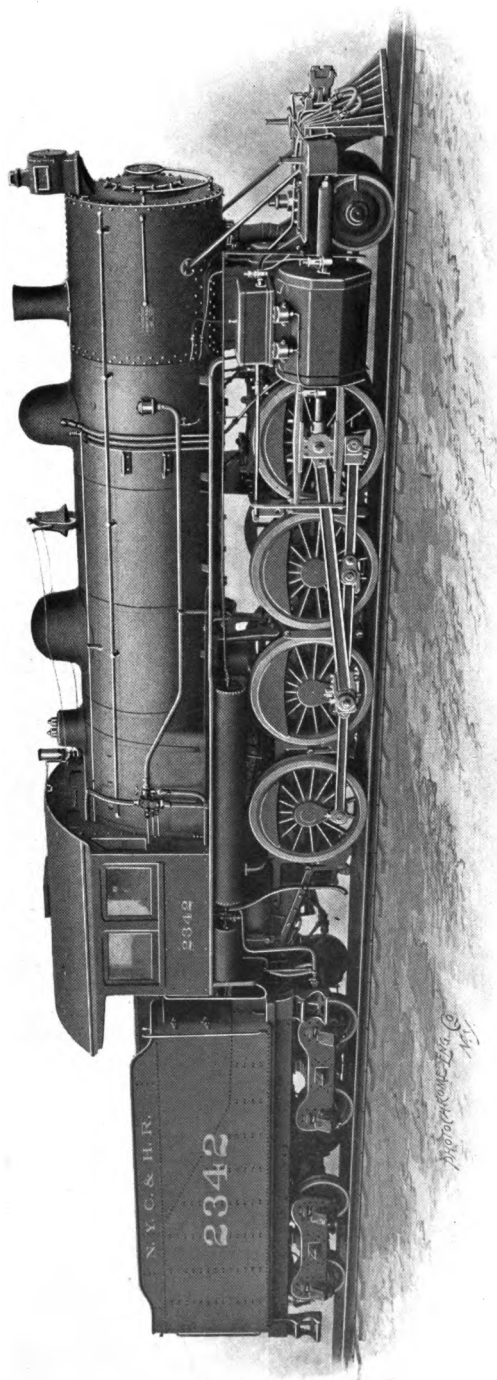
AMERICAN LOCOMOTIVE COMPANY

FIRST ANNUAL REPORT TO THE STOCKHOLDERS

JUNE 30, 1902

25 BROAD STREET
NEW YORK CITY





COMPOUND CONSOLIDATION FREIGHT LOCOMOTIVE.

Built at the Schenectady Works for the
New York Central & Hudson River Railroad Company.
Weight, in running order, 192,000 pounds.

DIRECTORS

SAMUEL R. CALLAWAY	New York
PLINY FISK	New York
GEORGE R. SHELDON	New York
ALBERT J. PITKIN	Schenectady
JULIUS E. FRENCH	New York
SYLVANUS L. SCHOONMAKER	New York
FREDERICK H. STEVENS	Buffalo
W. SEWARD WEBB	Shelburne, Vermont
JOSEPH BRYAN	Richmond, Virginia
CHARLES MILLER	Franklin, Pennsylvania
GEORGE W. HOADLEY	Providence, Rhode Island

OFFICERS

SAMUEL R. CALLAWAY	<i>President</i>
ALBERT J. PITKIN	<i>Vice-President</i>
ROBERT J. GROSS (Dunkirk,)	<i>Second Vice-President</i>
LEIGH BEST	<i>Secretary</i>
CHARLES B. DENNY	<i>Treasurer</i>
CHARLES E. PATTERSON	<i>Comptroller</i>
JAMES E. SAGUE	<i>Mechanical Engineer</i>
HARRY C. HEQUEMBOURG (Schenectady,)	<i>General Purchasing Agent</i>

GENERAL OFFICES

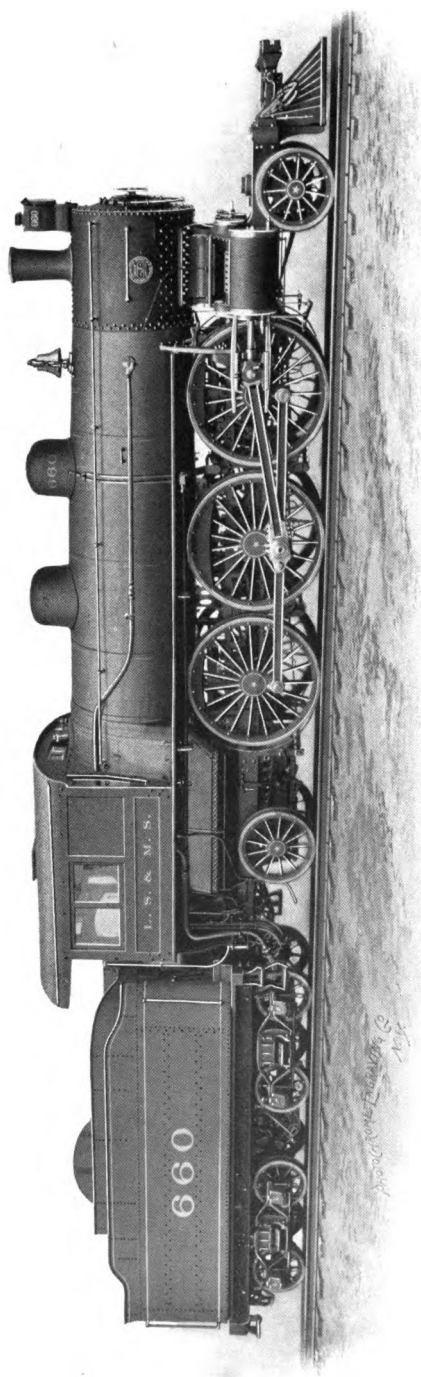
25 Broad Street, New York

TRANSFER AGENTS

Harvey Fisk & Sons, 29 Nassau Street, New York

REGISTRAR OF STOCK

The Standard Trust Company of New York
25 Broad Street



"LAKE SHORE" TYPE PASSENGER LOCOMOTIVE.

Built at the Brooks Works for the
Lake Shore & Michigan Southern Railway Company.
Weight, in running order, 174,500 pounds.

AMERICAN LOCOMOTIVE COMPANY, NEW YORK.



To the Stockholders of the
AMERICAN LOCOMOTIVE COMPANY:

The Board of Directors submits herein its first annual report, covering the period from June 15, 1901, the day upon which it began business, to the end of the first fiscal year, namely, June 30, 1902.

HISTORY OF THE COMPANY

The American Locomotive Company was incorporated under the laws of the State of New York, the certificate having been filed at Albany on June 10, 1901.

It has acquired, by purchase, the following properties:

1. All of the shares capital of the Schenectady Locomotive Works, representing the unincumbered ownership of the locomotive manufacturing plant located at Schenectady, New York, including lands, easements, buildings, fixtures, machinery, large tools, inventions, patents, and all implements, material, supplies, etc., used in the manufacture of locomotive engines. The American Locomotive Company and the old corporation, the Schenectady Locomotive Works, were merged, according to law, on June 24, 1901.

2. All of the locomotive manufacturing plants (comprising property similar to that which is summarized in the preceding paragraph) of the following companies:

Brooks Locomotive Works, Dunkirk, New York	
Pittsburg Locomotive & Car Works	} Allegheny, Pennsylvania
International Power Company	
	} Providence, Rhode Island
Dickson Manufacturing Company	
	} Scranton, Pennsylvania

3. Also all of the shares capital of the Richmond Locomotive Works, representing the ownership of the locomotive manufacturing plant at Richmond, Virginia.

4. Also the entire shares capital of the Manchester Locomotive Works, representing the unincumbered ownership of the locomotive manufacturing plant at Manchester, New Hampshire; and the entire shares capital of the American Locomotive Company of New Jersey (a corporation succeeding, by change of name, the New Jersey Locomotive Company) representing the unincumbered ownership of the locomotive manufacturing plant formerly owned by the Cooke Locomotive & Machine Works at Paterson, New Jersey.

CAPITALIZATION

The American Locomotive Company has an authorized and outstanding capital stock of \$50,000,000, consisting of seven per cent. cumulative preferred stock to the par value of \$25,000,000, and common stock to the par value of \$25,000,000. The

par value of each share is \$100. The common stock alone is entitled to receive any dividends which may be declared after the claims of the preferred stock have been fully satisfied.

The American Locomotive Company has no funded debt, and, under the terms of the articles of incorporation, is prohibited from mortgaging its property, except by purchase money mortgage, without the assent of the holders of two-thirds in value of the preferred stock.

All of the property acquired by this company is unincumbered, excepting in three instances, which are as follows:

The Richmond property is subject to a first mortgage of \$200,000 at seven per cent., and a consolidated mortgage of \$550,000 at six per cent. Of the latter, bonds of the par value of \$118,000 are owned by the American Locomotive Company and held in its treasury among other assets. The first mortgage bonds will mature in 1904, when a like amount of consolidated mortgage bonds, now held in reserve, will be issued in their stead. This mortgage debt was assumed by the American Locomotive Company upon payment, by the vendor, of \$900,000 in the preferred stock of the American Locomotive Company, the principal of which more than provides for the eventual retirement of the bonds; and the current income from which is ample for the payment of the annual interest charges.

The Dickson works is subject to a first mortgage of \$562,500, maturing in 1927, and bearing interest at five per cent. This debt was assumed by the American Locomotive Company in the purchase of the Dickson plant.

On the Rhode Island works there is outstanding a first mortgage of \$200,000, maturing in 1919, and bearing interest at four per cent. per annum. As a guarantee of the eventual retirement of these bonds, this company holds in trust \$250,000 of the preferred and \$250,000 of the common stock of the American Locomotive Company.

LOCATION AND ACREAGE OF PLANTS

The several plants of the company are located as follows:

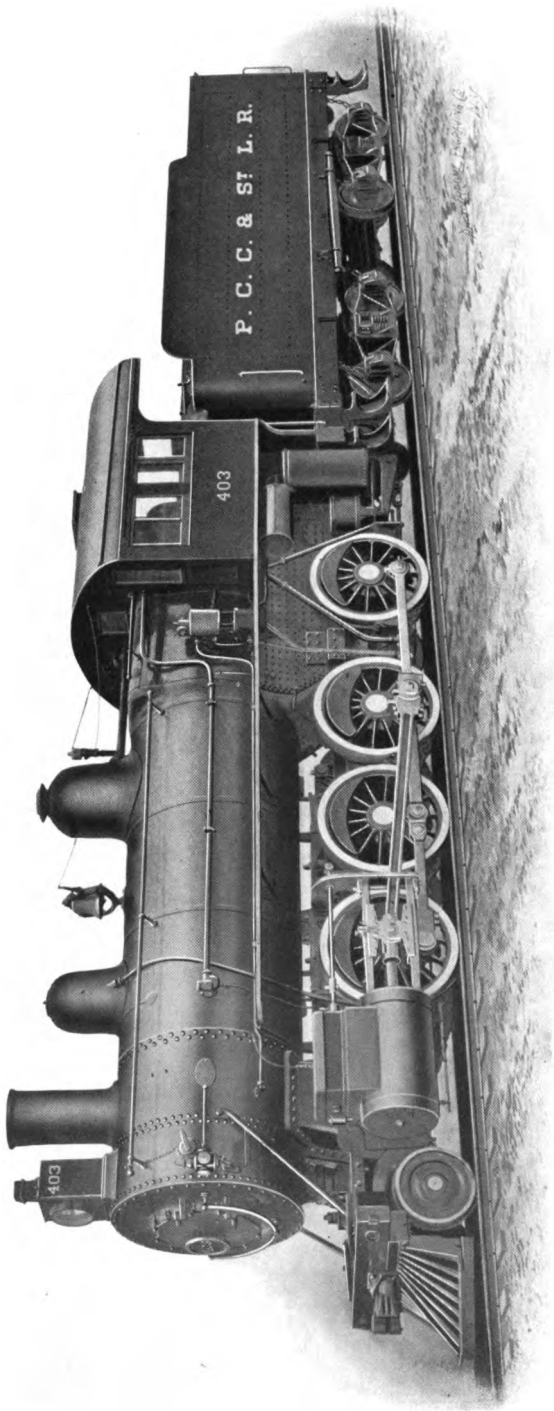
Schenectady works	Schenectady, New York
Brooks works	Dunkirk, New York
Pittsburg works	Allegheny, Pennsylvania
Richmond works	Richmond, Virginia
Cooke works	Paterson, New Jersey
Rhode Island works	Providence, Rhode Island
Dickson works	Scranton, Pennsylvania
Manchester works	Manchester, New Hampshire

The acreage of the company's plants is as follows:

Schenectady	62.	Bro't forward	116.5
Brooks	20.	Cooke	17.
Pittsburg	10.	Rhode Island	8.
Richmond	24.5	Dickson	6.5
	—	Manchester	9.3
	116.5		—
		Total acreage	157.3

IMPROVEMENTS

During the first fiscal year of the American Locomotive Company, the directors have expended the



CONSOLIDATION FREIGHT LOCOMOTIVE.

Built at the Pittsburgh Works for the
Pennsylvania Company (Pittsburg, Cincinnati, Chicago & St. Louis Railroad Company).
Weight, in running order, 178,650 pounds.

sum of \$1,629,227.90 for additional land, new shop buildings, fixtures, machinery and other machine tools, as recapitulated on pages 18-23; as a result of which the output of standard-gauge locomotive engines of the most modern type has been increased more than twenty-five per cent. over the combined production of the constituent companies in the year preceding their amalgamation. It will be observed with satisfaction that the percentage of increase in output is far greater than the proportion which the improvement expenditures bear to the cost of the property of this company. It is the intention of the directors further to increase the annual output of the principal plants by judicious expenditures for improvements and additional facilities, payable out of the current income.

RESULT OF OPERATIONS FOR TWELVE AND ONE-HALF MONTHS ENDED JUNE 30, 1902

The result of the operation of the eight plants of this company is as follows:

Gross earnings	\$26,398,393.52
Manufacturing, maintenance and administrative ex- penses	<u>23,291,216.90</u>
Net earnings	\$3,107,176.62
Interest on bonds of constituent companies, etc.	<u>105,864.58</u>
Profit available for dividend	\$3,001,312.04
Dividend on preferred stock at seven per cent.	<u>1,750,000.00</u>
Surplus	<u><u>\$1,251,312.04</u></u>

The gross earnings include the proceeds of the sale of new locomotives; also of repairs and extra parts and sundry miscellaneous revenue.

The expenses include not only a liberal outlay for the maintenance and betterment of the property, but also a charge of \$602,151.05 for radical additions and improvements, the combined maintenance, replacement and improvement charges being more than sufficient to take up the theoretical amount required for depreciation on an annual percentage basis.

The surplus of \$1,251,312.04, remaining after the payment of full dividends on preferred stock, has been carried to the credit of "Profit and loss" account; but against the latter there has been charged the sum of \$1,027,076.85 for land, new shop buildings, machinery, etc. The directors have considered it wise to charge these improvements against the surplus of current income for the year, rather than to carry them to the permanent "Cost of property" account of the company.

At each of the company's plants complete inventories of all of the material, supplies and portable and small hand tools have been very carefully made. These inventories have been subjected to a rigorous and exhaustive verification, with the result that the values of such items, as shown upon the general books of the company, have been more than substantiated.

Statements showing the condensed balance sheet, analysis of the income account and summary of the improvements to the company's property, will be found on pages 13-23.

RESULTS OF AMALGAMATION

It is gratifying to the directors to be able to report to the stockholders that the judgment of the organizers of the company as to the advantages of consolidation has been fully sustained by the results of the year's operations. Among the benefits of combination accruing to the owners of the prop-

erty the following, with others, have been demonstrated:

Greatly improved facilities, through the infusion of new capital, thereby reducing the direct as well as the indirect labor cost.

The utilization of shop space at the different plants to the best possible advantage, thereby enabling the company to take orders for future delivery with better assurance of their prompt fulfillment.

A minute, constant comparison of manufacturing processes, and the gradual unification of shop methods through the interchange of ideas.

Some steps, at least, toward the standardization of locomotive design.

The reduction of cost through the purchasing of material in larger quantities.

A more intimate knowledge of the detailed costs of engine construction, through the adoption of a carefully classified uniform system of accounting.

It has been the aim of the directors to increase the company's profits through the lowering of manufacturing and administrative cost rather than by increases in the selling price of locomotives. The experience of the past year has abundantly demonstrated that this may be done to the mutual satisfaction of the railroad companies and the manufacturer. Except, therefore, so far as may become necessary through advances in the cost of labor and material, the Board of Directors desires it to be understood that it is not its purpose to advance the selling price of locomotives.

It is, too, the present policy of the company to devote its surplus remaining after the payment of dividends on the preferred stock, not only to substantial additions to the property, but also in part to the enlargement of its working capital.

*THE PROSPECTS FOR THE NEXT
FISCAL YEAR*

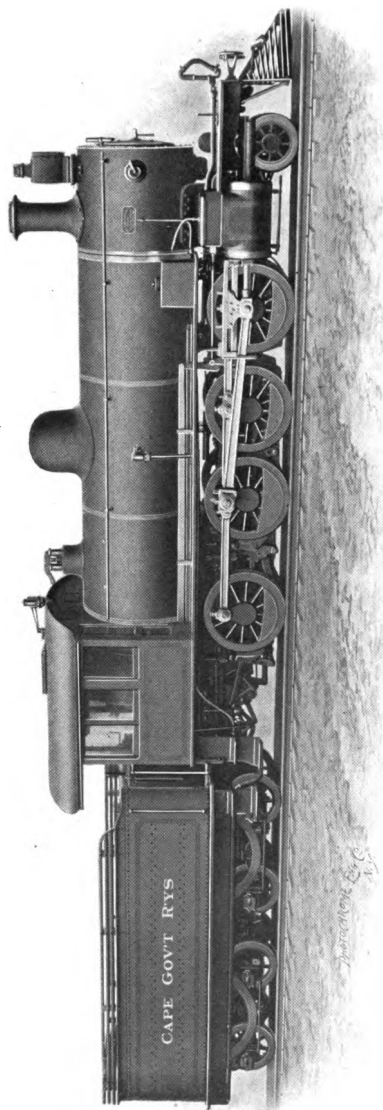
The Board of Directors has pleasure in reporting to the stockholders that the outlook for the year 1902-03 is most satisfactory. Contracts for new locomotives in large quantities have been booked for delivery as late as the autumn of 1903; and inquiries continue to be received from every part of the country, as well as from foreign trade, reservation of much of the available shop space having been asked for to the end of the next fiscal year. At the same time it is gratifying to be able to announce that deliveries are being made in substantial accord with the scheduled time.

In the meantime the possibility of economies in organization and manufacturing have by no means been exhausted; and the directors are confident that the close of the next fiscal year will show still further advancement over the record of the period now under review.

For the Board of Directors

S. R. CALLAWAY,
President.

New York, August 15, 1902.



CONSOLIDATION FREIGHT LOCOMOTIVE.

Built at the Schenectady Works for the
Cape Government Railways, South Africa.
Weight, in running order, 116,450 pounds.

ANALYSIS OF INCOME ACCOUNT

JUNE 30, 1902

Earnings

From the sale of new locomotives and extra parts; repair work; the disposition of scrap material; and sundry miscellaneous income

\$26,398,393.52*Expenses*

Including direct manufacturing cost; all contingent, shop, local and general expenditures, taxes, insurance; and maintenance, betterment and new construction disbursements in excess of full depreciation requirements

23,291,216.90

Net earnings

\$3,107,176.62*Interest*

*On bonds of constituent companies
General interest and discount

\$77,864.58

28,000.00\$105,864.58

Profit available for dividend

\$3,001,312.04*Disposition of profits*

Four quarterly dividends, aggregating seven per cent. on preferred stock
Additions to property during the fiscal year (balance after charging \$602,151.05 to current expenses)

\$1,750,000.00

1,027,076.85\$2,777,076.85

Balance to the credit of "Profit and loss"

\$224,235.19

*The interest on the bonds of the International Air Power Company was paid by the mortgagee, who also received the dividends on the stock deposited in trust with this company.

CONDENSED GENERAL BALANCE SHEET

JUNE 30, 1902

Cost of property (including all the capital stock of the Richmond Locomotive Works, Manchester Locomotive Works and American Locomotive Company of New Jersey) \$45,482,293.27

Securities owned

American Locomotive Company preferred stock	900,000.00
Richmond Locomotive and Machine Works Consolidated mortgage gold bonds	118,000.00
Sundry securities	37,525.99
	<u>\$1,055,525.99</u>

Convertible assets

Cash	\$1,153,855.27
Accounts receivable	4,255,720.52
Material and supplies (verified by actual inventories of the entire stock)	2,187,566.29
Contract work in course of construction (based upon exact charges as the work proceeded)	2,874,166.82
	<u>\$10,471,308.90</u>

Securities held in trust

American Locomotive Company capital stock held as security for the payment of a mortgage on the Rhode Island Works and carried at the face value of such mortgage:

Preferred, par value \$250,000

Common, par value \$250,000

Total, par value \$500,000 Carried at \$200,000.00

\$57,209,128.16

CONDENSED GENERAL BALANCE SHEET

JUNE 30, 1902

Capital stock

Preferred	\$25,000,000.00
Common	25,000,000.00
	<u>\$50,000,000.00</u>

Bonded debt of constituent companies

(for details see pages 16 and 17)

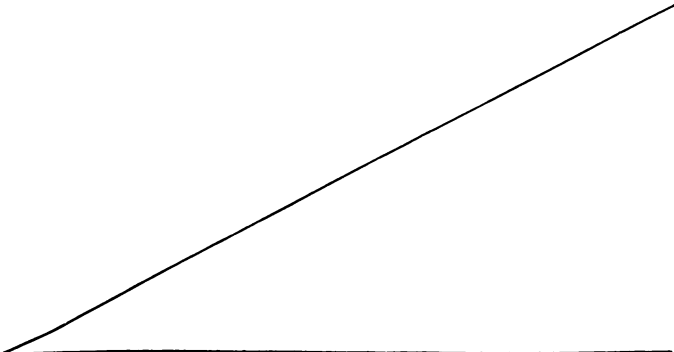
Richmond Locomotive Works	\$750,000.00
Dickson Manufacturing Company	562,500.00
International Air Power Company	200,000.00
	<u>\$1,512,500.00</u>

Current liabilities

Accounts payable	\$3,324,907.97
Bills payable	1,700,000.00
Unclaimed interest	9,985.00
Dividend payable July 21, 1902	437,500.00
	<u>\$5,472,392.97</u>

Profit and loss

Surplus after payment of dividend on preferred stock	\$1,251,312.04
Deduct:	
Additions to property ac- tually made and paid for during the fiscal year	<u>1,027,076.85</u>
	\$224,235.19


\$57,209,128.16

CAPITALIZATION

Capital stock authorized and outstanding

Preferred: 250,000 shares @ \$100 each	\$25,000,000
Common: 250,000 shares @ \$100 each	25,000,000
Total, par value	<u>\$50,000,000</u>

In the division of profits or distribution of other assets, the preferred stock takes precedence over the common stock to the extent of seven per cent.

Dividends are cumulative.

After the dividends on the preferred stock have been fully paid or set aside, or the distribution of other assets made as provided above, the common stock alone is entitled to receive any further distribution of profits or other assets.

BONDED DEBT OF CONSTITUENT COMPANIES

On the Richmond Works:

Tanner and Delaney Engine Company
First mortgage bonds. Issued July 1, 1884; will mature July 1, 1904. Interest, seven per cent., payable January 1, and July 1, at 25 Broad Street, New York

\$200,000

Richmond Locomotive and Machine Works Consolidated mortgage gold bonds. Issued April 1, 1889; will mature April 1, 1929. Interest, six per cent., payable April 1, and October 1, at 25 Broad Street, New York.

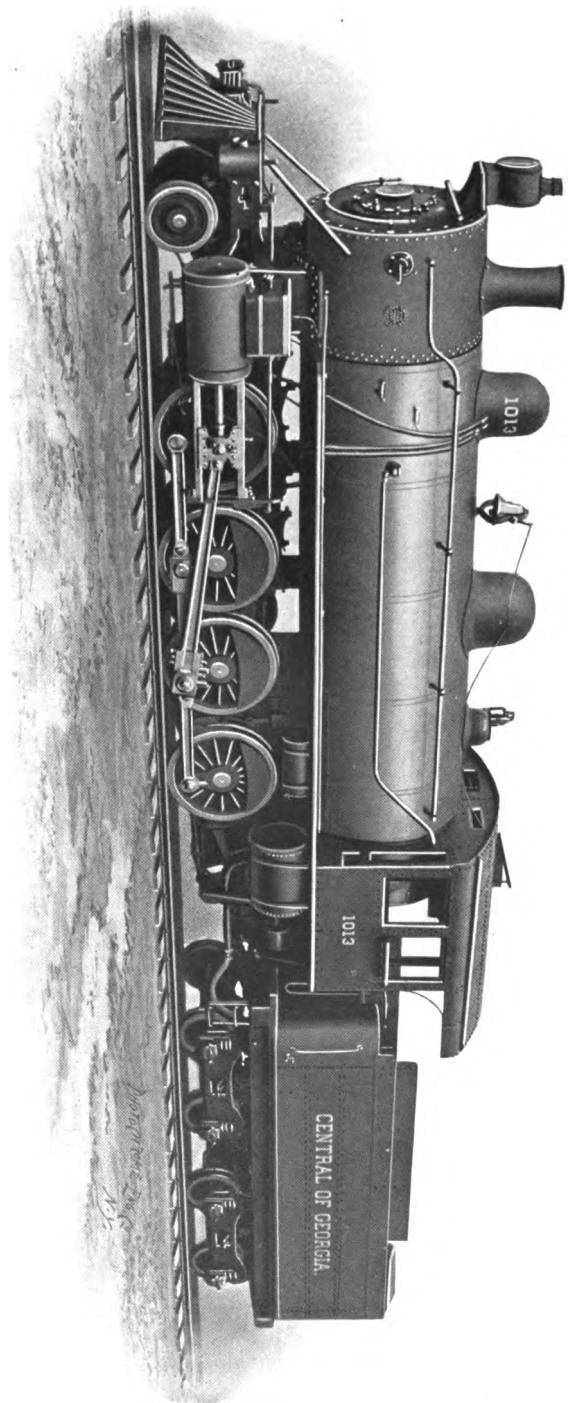
Authorized issue \$750,000

Held in reserve by Central Trust Company, to provide for the retirement of the Tanner and Delaney First mortgage bonds

200,000

Outstanding

550,000



CONSOLIDATION FREIGHT LOCOMOTIVE.

Built at the Cooke Works for the
Central of Georgia Railway Company.
Weight, in running order, 192,000 pounds.

On the Dickson Works:

Dickson Manufacturing Company First mortgage bonds. Issued November 1, 1897; will mature November 1, 1927. Interest at five per cent., payable May 1, and November 1, at 25 Broad Street, New York. Original amount outstanding \$1,000,000; retired previous to the assumption of the debt by the American Locomotive Company, \$437,500; balance outstanding

\$562,500

On the Rhode Island Works:

International Air Power Company First mortgage bonds. Issued February 1, 1899; will mature February 1, 1919. May be retired upon ninety days' notice. Interest at four per cent., payable February 1, and August 1, at Rhode Island Hospital Trust Company, Providence, Rhode Island

200,000

\$1,512,500

IMPROVEMENTS AND ADDITIONS TO PROPERTY

JUNE 15, 1901 TO JUNE 30, 1902

LAND

Purchase of 42 acres
Grading, draining, etc., 50 acres
Stone drainage culvert, 285 feet in length
4 foot brick sewer, 477 feet in length

TRACKS, ETC.

11,000 feet, 85 pound rails
1470 feet, 70 pound rails
924 feet, 55 pound rails
2 turntables
1 track scale
1 steel swing bridge, 111 feet long, 15 feet wide
1 coal trestle

BUILDINGS AND STRUCTURES

1 new iron foundry, steel frame and brick walls,
175 x 650 feet *
1 new brass foundry, 45 x 88 feet
1 new boiler shop, steel frame and brick walls, 175 x
650 feet *
1 new smith shop, steel frame and brick walls, 125 x
400 feet *
1 new smith shop, 140 x 175 feet
1 new hammer shop, steel frame and brick walls,
85 x 365 feet *
1 new hammer shop, steel frame and brick walls,
82 x 400 feet *
1 new drop hammer shop, of wood, 45 x 253 feet
1 new tank shop, steel frame and brick walls, 57 x 396
feet *
Additions to three tank shops
1 new cylinder shop, steel frame and brick walls,
100 x 275 feet *

* Not entirely completed

- Extending and refitting one cylinder shop
- 1 new erecting shop, steel frame, brick pilasters, 72 x 303 feet *
- 1 addition to machine shop, steel frame and brick walls, 97 x 120 feet *
- 1 new running shed, brick walls, 38 x 168 feet
- 1 new storehouse, four story brick walls, 50 x 118 feet *
- 1 new pattern storehouse, 60 x 102 feet
- 1 new storehouse, 33½ x 67 feet
- 1 new power house, 37 x 50 feet, granolithic concrete floor *
- 1 power house extension, 77 x 184 feet, brick walls
- 1 yard engine building, 21 x 70 feet
- 1 new compressor house, brick walls, 29 x 30 feet
- 1 new chemical laboratory
- Sundry iron racks, coal and sand sheds, bins, etc.
- Sundry sidewalks, roadways, fences, sheds, etc.

FURNACES, BOILERS AND ENGINES

In Power Houses

- 3 Heine boilers, 362 horse power
- 2 Babcock & Wilcox boilers, 600 horse power
- 1 Corliss engine, 300 horse power
- 1 mechanical stoker and smokeless furnace
- 1 power conveyor

In Hammer Shops

- 8 furnaces, heating space 11 x 4½ x 2 feet each, and one smaller furnace
- 2 new boilers, 125 horse power each

In Boiler Shops

- 1 Corliss engine, 500 horse power
- 1 Heine boiler, 303 horse power
- 2 National water tube boilers, 100 and 125 horse power

* Not entirely completed

In Smith Shops

4 case hardening furnaces
 1 heating furnace
 1 bulldozer furnace
 1 boiler, locomotive type, 90 pounds pressure
 1 Valley automatic engine, etc.

In Iron Foundries

1 revolving core oven, 20 x 10 $\frac{2}{3}$ feet

In Machine Shop

Taylor-White process for hardening and tempering tools

In Sundry Shops

Oil burners, small forges, hot air system, etc.
 1 pump, 1 small upright engine, sundry steam and water pipes and fittings

PNEUMATIC PLANT

2 air compressors
 1 condenser plant
 Sundry air lines and connections between shops, etc.

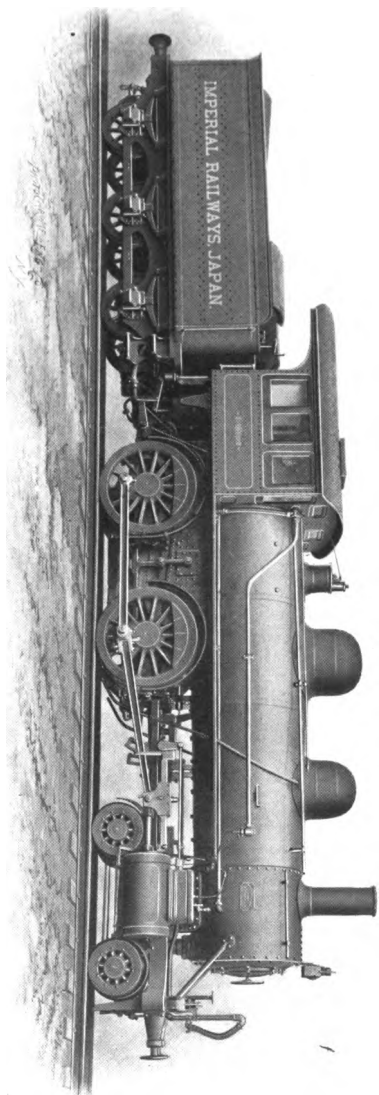
ELECTRIC PLANT

In Power Houses

1 general equipment; including generators, 2 converters, 6 transformers, 2 switch boards, 1 compensator, etc.

In Sundry Shops

Wiring for lighting and power



EIGHT-WHEEL PASSENGER OR FREIGHT LOCOMOTIVE.

Built at the Schenectady Works for the
Imperial Railways, Japan.
Weight, in running order, 78,600 pounds.

HYDRAULIC PLANT

In Power House

1 Epping-Carpenter duplex pressure pump with fittings

In Smith Shop

1 hydraulic accumulator

In Boiler Shop

1 Barr pump

MACHINERY AND MACHINE TOOLS

In Machine Shops

9 slotters, 41 lathes, 12 boring mills, 16 milling machines, 6 boring and turning mills, 2 boring and drilling machines, 22 drilling machines, 6 radial drills, 5 shapers, 33 planers, 1 rod boring machine, 1 gear cutter, 1 saw filing machine, 1 cold-sawing and cutting off machine, 3 bolt cutters, 1 bolt machine, 1 screw machine, 1 key-seating machine, 1 pipe machine, 2 wheel presses, 1 riveter, 2 punching machines, 1 cutting off and centering machine, 1 split pattern machine, 4 tool grinders, 1 steam hammer, 1 oil separator, 1 pump and air compressor, 1 pump and accumulator, 1 100-h. p. motor and dynamo, 1 45-h. p., 1 30-h. p., 1 7½-h. p., 3 10-ton and 4 small cranes, six small hoists, and sundry pulleys, shafting, etc.

In Boiler Shops

3 milling machines, 8 drilling machines, 4 riveters, 5 punching machines, 1 staybolt threading machine, 2 staybolt cutters, 1 key-seating machine, 1 punch and shears, 2 pairs bending rolls, 1 Sturtevant blower, 2 hydraulic accumulators, 3 35-h. p., 1 5-h. p. motors, 2 35-ton, 1 20-ton, 1 15-ton, 4 10-ton, and sundry small hydraulic and electric cranes, 2 small hoists, and sundry pulleys, shafting, etc.

In Cylinder Shops

7 lathes, 5 boring machines, 4 milling machines, 4 drilling machines, 1 tool grinder, 2 planers, 1 split pattern machine, 2 30-h. p. and 2 60-h. p. motors, 1 10-ton crane

In Hammer Shop

7 steam hammers, 1 forging machine, 1 100-h. p., 2 50-h. p. motors, and 4 5-ton cranes

In Erecting Shops

2 drilling machines, 1 radial drill, 1 40-h. p., 1 35-h. p., 1 30-h. p., 1 25-h. p., 1 10-h. p. motors, 1 40-ton and 1 small cranes

In Smith Shops

1 bulldozer, 2 10-h. p. motors, 4 5-ton, and 1 3-ton cranes, 3 6-ton hoists

In Iron Foundries

1 wire straightening and cutting off machine, 1 blower, 1 Sellers sand mixer, 1 60-h. p. motor

In Tank Shops

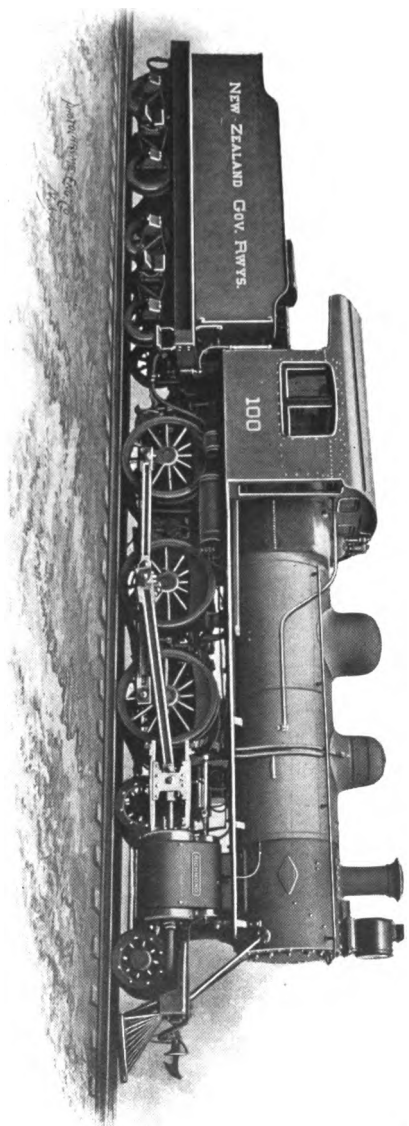
1 tool grinder, 1 planer, 1 pneumatic riveter, 1 pipe machine, 1 punch and shears, 1 exhaust machine, 1 bending machine, 1 40-h. p. and 3 small motors, 2 overhead traveling and 4 portable cranes

In Bolt Shop

1 staybolt cutter, 1 bolt header

In Sundry Shops and Yards

Derricks, small cranes, pumps, etc.



TEN-WHEEL FREIGHT LOCOMOTIVE.

Built at the Richmond Works for the
New Zealand Government Railways.
Weight, in running order, 84,000 pounds.

ROLLING STOCK

2 yard engines, 4-wheel switchers
Rail cars, etc.

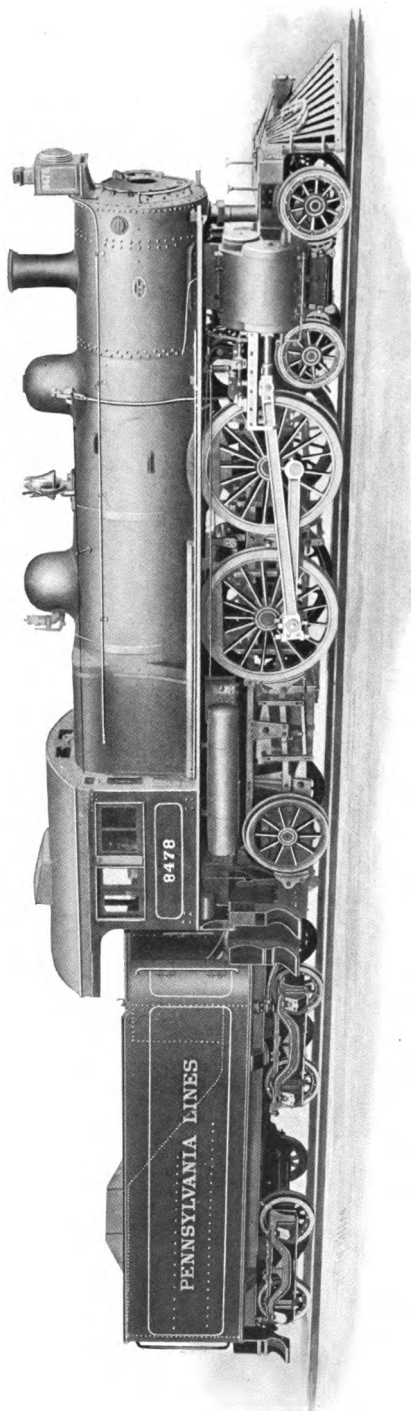
FIRE EQUIPMENT

Automatic sprinklers, hose, etc.
1 tank, 100,000 gallons capacity

SECOND ANNUAL REPORT

AMERICAN
LOCOMOTIVE
COMPANY

JUNE 30, 1903



"ATLANTIC" TYPE PASSENGER LOCOMOTIVE.

Built at the Schenectady Works for the
Pennsylvania lines west of Pittsburgh.

Weight, in running order, 178,000 pounds.

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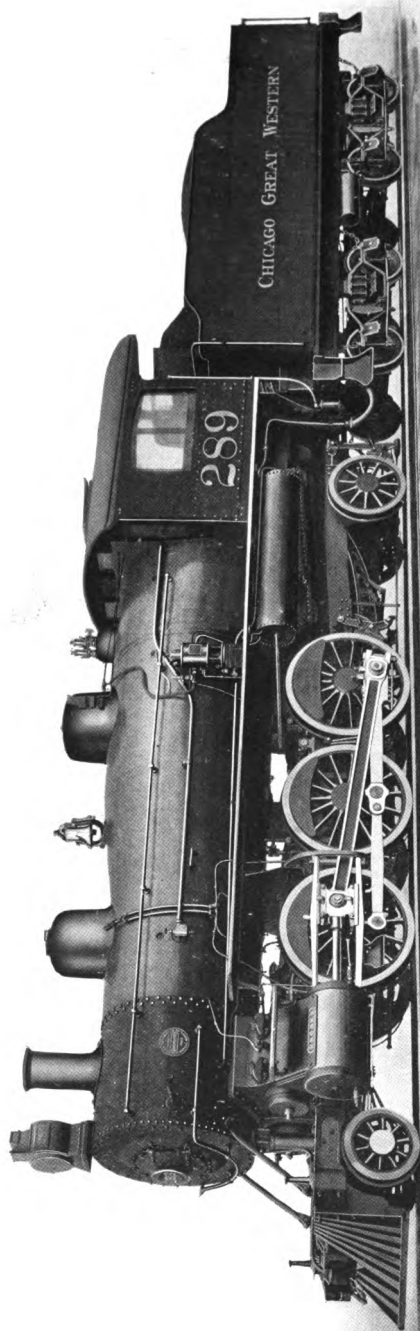
William Patten
Publisher

DIRECTORS

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W. SEWARD WEBB	Shelburne, Vermont
JOSEPH BRYAN	Richmond, Virginia
CHARLES MILLER	Franklin, Pennsylvania
GEORGE W. HOADLEY	Providence, Rhode Island

OFFICERS

SAMUEL R. CALLAWAY	<i>President</i>
ALBERT J. PITKIN	<i>Vice-President</i>
ROBERT J. GROSS (Dunkirk)	<i>Second Vice-President</i>
LEIGH BEST	<i>Secretary</i>
CHARLES B. DENNY	<i>Treasurer</i>
CHARLES E. PATTERSON	<i>Comptroller</i>
JAMES E. SAGUE	<i>Mechanical Engineer</i>
HARRY C. HEQUEMBOURG (Schenectady)	<i>General Purchasing Agent</i>



"PACIFIC" TYPE PASSENGER LOCOMOTIVE.

Built at the Brooks Works for the
Chicago, Great Western Railway.
Weight, in running order, 193,300 pounds.

GENERAL OFFICES OF THE COMPANY

25 Broad Street, New York

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Harvey Fisk & Sons, 29 Nassau Street, New York

REGISTRAR OF STOCK

The Standard Trust Company of New York
25 Broad Street

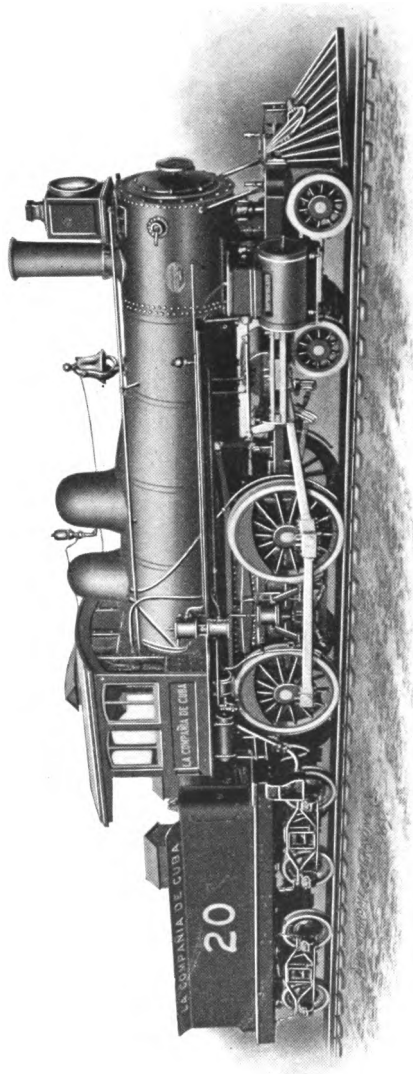
LOCATION OF PLANTS

Schenectady works	Schenectady, New York
Brooks works	Dunkirk, New York
Pittsburg works	Allegheny, Pennsylvania
Richmond works	Richmond, Virginia
Cooke works	Paterson, New Jersey
Rhode Island works	Providence, Rhode Island
Dickson works	Scranton, Pennsylvania
Manchester works	Manchester, New Hampshire

SUMMARY OF OPERATIONS

Of the fiscal year ended June 30, 1903, as compared with those of the twelve and one-half months ended June 30, 1902:

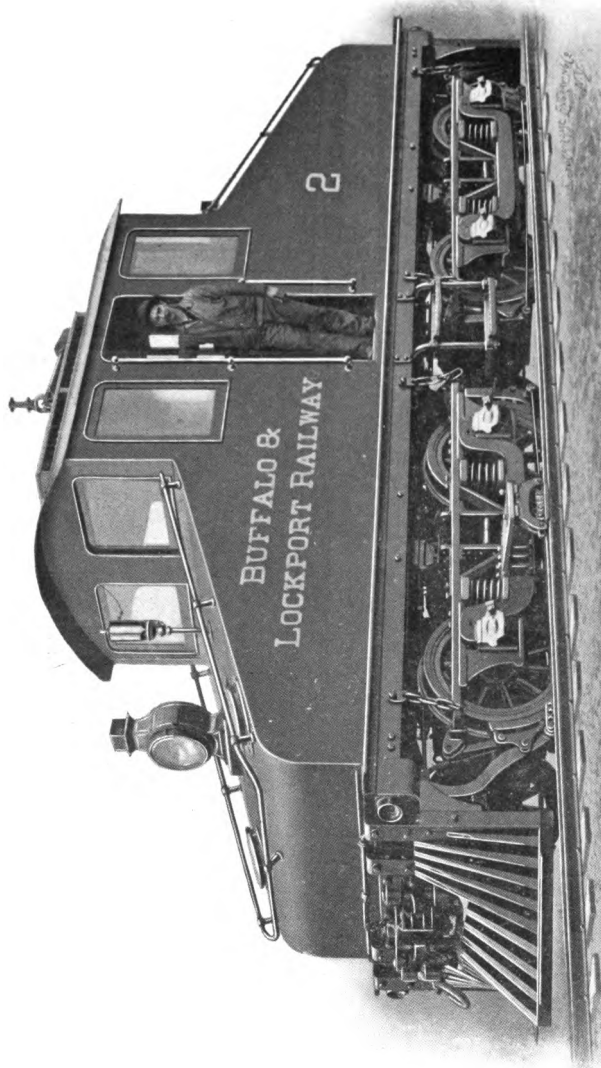
	1902-3	1901-2	Increases
Gross earnings - - -	\$33,105,724.84	\$26,398,393.52	\$6,707,331.32
Manufacturing, maintenance and administrative expenses -	28,052,314.90	23,291,216.90	4,761,098.00
Net earnings - - -	\$5,053,409.94	\$3,107,176.62	\$1,946,233.32
Interest on bonds of constituent companies, bills payable, etc. -	248,156.79	105,864.58	142,292.21
Profit available for dividend -	\$4,805,253.15	\$3,001,312.04	\$1,803,941.11
Dividend on preferred stock, at seven per cent. -	1,750,000.00	1,750,000.00	
Surplus - - -	\$3,055,253.15	\$1,251,312.04	\$1,803,941.11



EIGHT WHEEL PASSENGER LOCOMOTIVE.

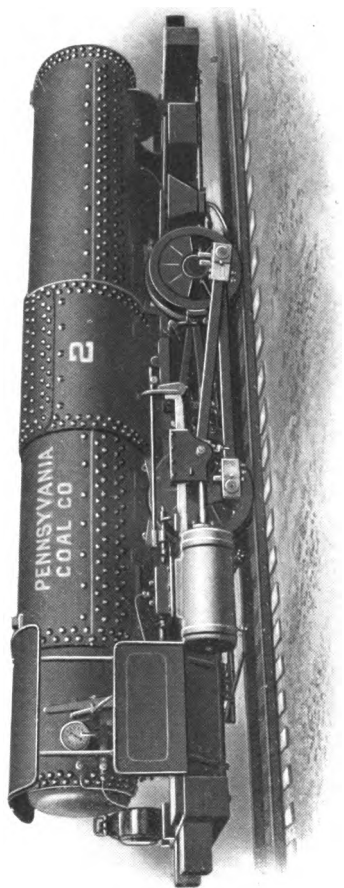
Built at the Rhode Island Works for the
Cuba Company.

Weight, in running order, 99,960 pounds.



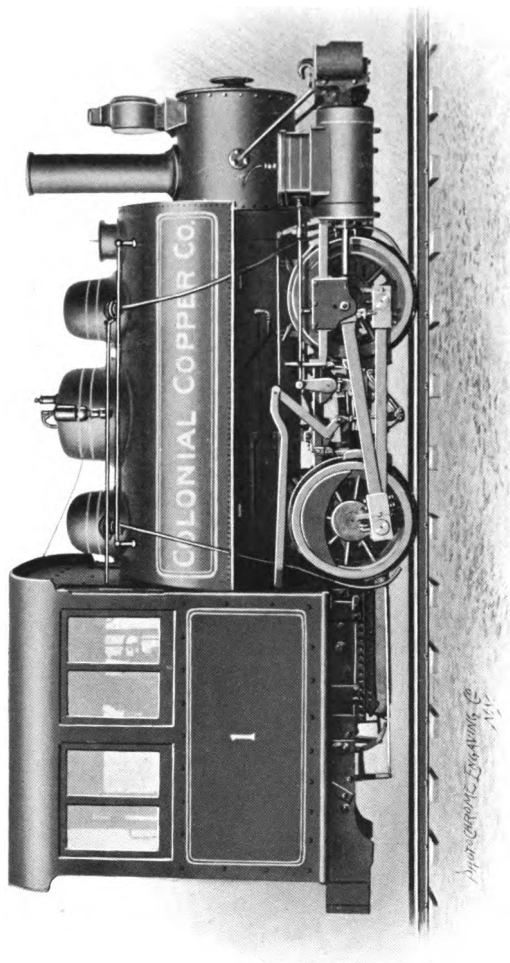
ELECTRIC LOCOMOTIVE.

Built at the Schenectady Works for the
Buffalo and Lockport Electric Railway.



COMPRESSED AIR MINE LOCOMOTIVE.

Built at the Dickson Works for the
Delaware and Hudson Company.
Weight, in running order, 13,100 pounds.



**FOUR WHEEL SADDLE TANK LOCOMOTIVE.
("Contractors' Engine")**

Built at the Dickson Works for the
Colonial Copper Co.
Weight, in running order, 23,800 pounds.

AMERICAN LOCOMOTIVE COMPANY

NEW YORK

To the Stockholders of the

AMERICAN LOCOMOTIVE COMPANY:

The second annual report of the Board of Directors, covering the result of the operations of the company for the fiscal year ended June 30, 1903, is herein submitted.

The gross earnings were \$33,105,724.84, an increase of \$6,707,331.32, or 25.4 per cent., over those of the period for the twelve and a half months ended June 30, 1902, as shown in the last report. The earnings included the revenue derived from the sale of new locomotives and extra parts, the repairing of old locomotives and sundry miscellaneous sources of income.

The expenses were \$28,052,314.90, an increase of \$4,761,098.00, or 20.4 per cent., over those of the preceding fiscal period. They included, not only the first cost of raw material, the direct expense of manufacture, the maintenance and betterment of property, the local and general administrative and incidental disbursements, taxes, etc., but also twenty per cent. written off from the book value of patterns and drawings, and a charge of \$484,369.64 representing positive additions to the company's property.

As was the case last year, the combined disbursement for renewals, replacements, betterments and additions thus charged to the current expense account is decidedly more than would be required to be written off upon a theoretical percentage basis, as depreciation.

Out of the resulting net earnings the required annual dividend of seven per cent. on the preferred stock has been paid, amounting to \$1,750,000 and leaving a surplus of \$3,055,253.15 to be carried to the credit of "Profit and loss" account.

The increase in the company's gross earnings is attributable to a much larger product rather than to higher proportionate prices. The officers have conscientiously avoided any advance in the selling price of engines other than such as became absolutely necessary in order to meet the higher cost of labor and of raw material.

It is the company's intention to make a prominent feature of the general overhauling and extensive repairing of locomotives and the supplying of new parts; hence it is gratifying to be able to report the substantial growth of this department during the year.

The increase in expense has not been in proportion to that in earnings, inasmuch as the economies introduced during the past two years are now beginning to bear fruit; these, however, do not show to their full extent, as in pursuance of the company's liberal policy in the matter of the upkeep and betterment of its plants, the charges to productive cost for maintenance, renewals and replacements were double those of the preceding year.

There can be no doubt that this conservative course will speedily accrue to the benefit, not only of the company itself, but of its customers as well. The company's organization is being perfected in all departments as rapidly as possible and particular attention is being paid to the compilation of records which are the basis of the cost sheets. The officers fully understand that only through the most intimate knowledge of the cost of every item can they hope to reduce the expense of manufacture as a whole ; and it is a firmly established principle with this company that costs must be promptly and radically reduced. The directors are confident that adherence to this policy will justify the continued good will and clientage of the railroad companies which are its patrons. Had it not been for the abnormal rates paid, in many instances, for labor, as well as for the exceptionally high market prices governing raw material, the desired reduction in the selling price of the company's product would have been accomplished sooner : for the company wishes it to be understood that it considers itself committed to the policy of allowing its customers to participate with it in the benefits which are to be derived from all reductions of manufacturing costs. Meantime the constant efforts of the shop superintendents and mechanical engineers to utilize to the best advantage the company's increased facilities and improved machinery and to unify the shop practice, continue with unabated zeal ; so that during the ensuing year it is reasonable to expect that still greater economies will be effected, to the mutual advantage of the company and those who purchase its product.

In order to take advantage of the exceptional and widespread demands for new locomotives during the past two years, extensive purchases of land have been made, capacious new shops of the most modern design have been erected and equipped with the latest and most efficient machinery and tools. Old shops have been remodeled and re-equipped, with the result that the manufacturing capacity of the company has increased fully fifty per cent. over that of the constituent plants at the time of their consolidation into the American Locomotive Company.

It is expected that the improvements authorized by the Board of Directors will be completed during the fiscal year now opening.

During the past fiscal year the sum of \$1,627,301.84 has been expended for additions to the company's property, as indicated above, which, together with the sum of \$1,629,227.90 announced in the report of the previous fiscal year, makes an aggregate expenditure of \$3,256,529.74 thus far, all of which will be paid for out of the current income.

The profit on the increased output, which was alone made possible through these additions, has yielded the company a highly satisfactory return on its investment. All this has been accomplished without increasing the capital account.

The company now carries on its books binding contracts for a large number of locomotives for delivery as late as the summer of 1904, all of which it is confident of being able to deliver in strict accordance with its promises.

The Board of Directors is fully alive to the

problems which are arising out of the complexity of the modern transportation situation ; and its expert engineers are constantly studying their probable effect on railroad motive power.

It is hardly necessary to say that it has been the aim of the company to maintain the most friendly and equitable relations with its employees, now numbering nearly seventeen thousand men, and that, viewing the situation as a whole, these relations have been mutually pleasant and profitable.

For the Board of Directors,

S. R. CALLAWAY,

President.

New York, August 15, 1903.

CONDENSED GENERAL BALANCE SHEET

June 30, 1903

<i>Cost of property</i> (including all the capital stock of the Richmond Locomotive Works, Manchester Locomotive Works and American Locomotive Company of New Jersey)	\$45,672,859.91
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Securities owned

American Locomotive Company preferred stock	900,000.00
Richmond Locomotive and Machine Works Consolidated mortgage gold bonds	118,000.00
Sundry securities	6,482.52

\$1,024,482.52

Convertible assets

Cash	\$1,048,132.53
Due from railroad companies	4,988,558.12
Other accounts receivable	588,004.95
Accrued interest	16,846.32

Material and supplies (verified by actual inventories of the entire stock)	3,108,496.62
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Contract work in course of construction (based upon exact charges as the work proceeded)	3,677,106.81
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\$13,427,145.35

Securities held in trust

American Locomotive Company capital stock held as security for the payment of a mortgage on the Rhode Island works and carried at the face value of such mortgage:

Preferred, par value \$250,000

Common, par value \$250,000

Total, par value \$500,000

Carried at

\$200,000.00

\$60,324,487.78

CONDENSED GENERAL BALANCE SHEET

June 30, 1903

Capital stock

Preferred	\$25,000,000.00
Common	<u>25,000,000.00</u>
	<u>\$50,000,000.00</u>

Bonded debt of constituent companies

(for details see pages 15 and 16)

Richmond Locomotive Works	\$750,000.00
Dickson Manufacturing Company	562,500.00
International Air Power Company	<u>200,000.00</u>
	<u>\$1,512,500.00</u>

Current liabilities

Accounts payable	\$2,822,111.64
Bills payable	3,415,000.00
Unclaimed interest	820.00
Dividend payable July 21, 1903	<u>437,500.00</u>
	<u>\$6,675,431.64</u>

Profit and loss

Surplus after payment of dividend on preferred stock, July 1, 1902, to June 30, 1903 \$3,055,253.15

Deduct:

Additions to property actually made and paid for during the fiscal year 1,142,932.20
\$1,912,320.95

Add:

Credit balance, June 30, 1902 \$224,235.19 \$2,136,556.14

\$60,324,487.78

CAPITALIZATION

Capital stock authorized and outstanding

Preferred: 250,000 shares @ \$100 each	\$25,000,000
Common: 250,000 shares @ \$100 each	25,000,000
	<hr/>
Total, par value	\$50,000,000

In the division of profits or distribution of other assets, the preferred stock takes precedence over the common stock to the extent of seven per cent. Dividends are cumulative.

After the dividends on the preferred stock have been fully paid or set aside, or the distribution of other assets made as provided above, the common stock alone is entitled to receive any further distribution of profits or other assets.

The American Locomotive Company has no funded debt, and, under the terms of the articles of incorporation, is prohibited from mortgaging its property, except by purchase money mortgage, without the assent of the holders of two-thirds in value of the preferred stock.

All of the property acquired by this company is unincumbered, excepting in three instances, which are described the following pages.

BONDED DEBT OF CONSTITUENT COM-
PANIES

On the Richmond works :

Tanner and Delaney Engine Company
First mortgage bonds. Issued July 1,
1884; will mature July 1, 1904. In-
terest, seven per cent., payable Jan-
uary 1 and July 1, at 25 Broad
Street, New York \$200,000

*Richmond Locomotive and Machine
Works Consolidated mortgage gold
bonds. Issued April 1, 1889; will
mature April 1, 1929. Interest, six
per cent., payable April 1 and Oct-
ober 1, at 25 Broad Street, New
York.

Authorized issue \$750,000

Held in reserve by Cen-
tral Trust Company, to
provide for the retirement
of the Tanner and Delaney

First mortgage bonds	200,000	
Outstanding		550,000
Carried forward		\$750,000

*Richmond Locomotive and Machine Works Consolidated mortgage gold bonds of the par value of \$118,000 are owned by the American Locomotive Company and held in its treasury among other assets. The mortgage debt as a whole was assumed by the American Locomotive Company upon payment, by the vendor, of \$900,000 in the preferred stock of the American Locomotive Company, the principal of which more than provides for the eventual retirement of the bonds; and the current income from which is ample for the payment of the annual interest charges.

Brought forward \$750,000

On the Dickson works :

Dickson Manufacturing Company
First mortgage bonds. Issued November 1, 1897; will mature November 1, 1927. Interest at five per cent., payable May 1 and November 1, at 25 Broad Street, New York. Original amount outstanding, \$1,000,000; retired previous to the assumption of the debt by the American Locomotive Company, \$437,500; balance outstanding 562,500

On the Rhode Island works :

†International Air Power Company
First mortgage bonds. Issued February 1, 1899; will mature February 1, 1919. May be retired upon ninety days' notice. Interest at four per cent. payable February 1 and August 1, at Rhode Island Hospital Trust Company, Providence, Rhode Island. 200,000
\$1,512,500

†As a guarantee of the eventual retirement of these bonds, this company holds in trust \$250,000 of the preferred and \$250,000 of the common stock of the American Locomotive Company, deposited by the International Power Company as collateral security.

IMPROVEMENTS AND ADDITIONS TO
PROPERTY

JULY 1, 1902 TO JUNE 30, 1903

LAND

Purchase of 24 acres
Grading, draining, etc., 40 acres
Stone culvert, 450 feet long, 4'6" x 4'3" to cover creek

TRACKS, SCALES, ETC.

13,437 feet of steel rails laid
Interlocking and signal system on new steel swing
bridge
3 track scales, 150 tons capacity
2 track scales, 100 tons capacity
1-14 foot turntable, 4' 8 1/2" gauge
2 turntables, 9 feet diameter, 3 feet gauge
1 coal trestle, 238 feet long x 15 feet high
Iron bridge connecting shops

BUILDINGS AND STRUCTURES.

*Completion of buildings which were shown in last year's report
as incomplete*

Boiler shop, steel frame and brick walls, 175 x 650 feet
Iron foundry, steel frame and brick walls, 175 x 650 feet
Erecting shop, steel frame, brick pilasters, wood flooring,
concrete pits, 72 x 303 feet
Machine shop extension, steel frame, brick gable, gal-
vanized roof, 97 x 120 feet
Cylinder shop, steel frame and brick walls, 100 x 275
feet
Hammer shop, steel frame and brick walls, 82 x 400
feet

New Construction

Office and storehouse,* 5 story, steel frame, with brick filling, 60 x 250 feet, equipped with passenger elevators

Hammer shop extension,* steel frame and brick walls, 85 x 286 feet

Tank shop,* 175 x 650 feet, steel frame and brick walls

Tank shop, structural steel, 73 x 202 feet

Machine shop extension, concrete walls and foundations, 24 x 12 feet

Erecting shop extension, concrete walls and foundations, 5 x 35 feet

Engine room extension, brick walls, 26 x 34 feet

Wheel shop,* steel frame and brick walls, 90 x 214 feet

Tube shop, mill construction, brick walls, 46 x 50 feet

Running shed,* steel frame with brick filling, 60 x 200 feet

Sand shed, wooden frame, brick walls, 30 x 64 feet

Storehouse, 2 story wooden building, 42 x 48 feet

Water closet building, brick, with slate roof, 20 x 75 feet

Compressor room, mill construction, brick walls, 21 x 70 feet

Gate house, 13 x 18 feet

Sundry iron racks, coal and sand sheds, skylights, bins, etc.

FURNACES, BOILERS AND ENGINES

In Power Houses

- 1 Corliss tandem compound engine, 300 horse power
- 2 Corliss tandem compound engines, 500 horse power
- 1 Reynolds and Corliss engine, 400 horse power*
- 2 Heine boilers, 362 horse power

*Payment on account.

- 1 Boiler, 100 horse power
- 1 Boiler, 120 horse power
- 1 Feed water heater, 3,000 horse power, water capacity 123 cubic feet
- 4 Double Roney stokers

In Boiler Shops

- 2 Flange furnaces
- 2 Annealing furnaces, heating space 12 x 20 feet
- 5 Boilers, 300 horse power
- 1 Cochran special feed water heater and receiver, 600 horse power

In Iron Foundries

- 3 Franklin water tube boilers, 365 horse power
- 1 No. 9 Whiting cupola, capacity of running 14 to 18 tons per hour
- 1 No. 5 Whiting cupola, 44" diameter, 7 tons per hour
- 20 Core ovens

In Smith Shops

- 1 Coal furnace, heating space $6\frac{1}{2} \times 3\frac{1}{2}$ feet
- 2 Furnaces, heating space $7'3'' \times 4'5''$
- 1 Case hardening furnace, Brown & Sharpe, with 2 ovens, $4'4\frac{1}{2}'' \times 2'3'' \times 1'4''$
- 3 Oil burning furnaces, 16' x 30'

In New Cylinder Shop

- 1 Horizontal engine, 9' x 12'', and blast wheel, 10 x $4\frac{1}{2}$ feet

In Machine Shops

- 1 Gould single action triplex plunger pump, capacity 6,500 gallons per hour
- 1 Babcock boiler, 120 horse power

In Brass Foundries

- 2 Schwartz furnaces, heating space 8 cubic feet each

In Sundry Shops

Heating and ventilating system for four shops, including pipes, fittings, valves, etc.

PNEUMATIC PLANT

- 5 Air compressors
- Sundry air lines and connections in various shops

ELECTRIC PLANT

In Power Houses

- 4 Generators

In Sundry Shops

Switchboards, cable and wiring for lighting and power

HYDRAULIC PLANT

In Boiler Shops

- 1 Triplex power plunger pump to withstand 3,000 pounds pressure
- 3 Vertical single acting heavy pressure power pumps
- 1 Accumulator, 12" x 16"

MACHINERY AND MACHINE TOOLS

In Machine Shops

18 planers, 25 drills, 13 slotters, 13 milling machines, 33 lathes, 1 3½" keyseater, 9 boring mills, 1 gear cutter, 1 milling cutter, 2 44" turret chucking and turning machines, 9 shapers, 1 nut tapper, 1 bolt cutter, 8 grinding machines, 3 cold-saws, 1 cutting off saw, 2 100-ton hydraulic presses, 6 motors: 1-30 H. P., 4-60 H. P., 1-65 H. P.; 1 90 lb. hammer, capacity 2½" stock; 1 10-ton crane. Sundry pulleys, shafting, etc.

In Boiler Shops

1 hydraulic flanging machine, capacity 750 tons; 1 12" hydraulic riveter, pressure 42-84-125 tons, @ 1000 pounds per square inch; 1 compression riveter, 1 punching and spacing machine, 3 punches, 1 planer, 1 boring machine, 2 milling machines, 11 drills, 2 shearing machines, 1 No. 4 shears, capacity to shear 1½" iron, driven by 10 horse power motor; 1 No. 12 flue rolling machine, 2 bolt headers, 1 horizontal saw, 1 oil separator, 2 motors: 1-15 H. P., 1-60 H. P.; 2 cranes: 1-5 ton, 1-25 ton. Sundry pulleys, shafting, etc.

In Iron Foundries

15 moulding machines, 1 sand mixer and motor, 1 compression riveter, 4 core wire straighteners, 1 60 H. P. motor, 3 No. 7 blowers. 10 electric traveling cranes:—2-35 ton, 1-30 ton, 6-10 ton, 1-5 ton; 3 screw elevators, 2 6,000 pound, 1 2,000 pound.

In Smith Shops

8 hammers:—1 3,200 pound, 1 3,000 pound, 1 2,500 pound, 2 2,000 pound, 3 200 pound; 1 bolt machine, 2 shears, 1 mechanical blacksmith, 1 Bliss trimming press, 1 straightening table, 1 60 H. P. motor, 1 No. 12 Buffalo blower, 1 No. 10 blower, steel pressure,

In Drop Hammer Shop

1 2,500 pound drop hammer, 1 200 pound Bradley helve hammer, 3 bolt heading and forging machines, 1 pointing machine, 2 24" shapers, 1 No. 2 die sinking machine, 2 trimming presses, 1 overhanging press, 1 bolt cutter, 1 planer, 1 drill.

In Tank Shops

1 set No. 4 bending rolls, 1 set No. 3 bending rolls, 4 punches, 7 drills, 1 40-ton crane, 1 6-ton hand traveling crane, 3 grinders, 1 spacing, punching and shearing machine, 1 15 H. P. motor.

In Cylinder Shops

2 planers, 3 lathes, 2 boring mills, 3 drills, 1 vertical saw and driver, 2 grinding machines, 2 50 H. P. motors.

In Erecting Shops

1 punch, 2 drills, 1 shears, 1 threading machine, 3 No. 4 pipe machine, 2 cranes : 1-120 tons, 1-30 tons.

In Repair Shops

3 lathes, 2 drills, 1 No. 3 horizontal miller, 1 gear cutter, 2 pipe machines, 2 bolt cutters, 1 bolt altering machine, 1 band saw, 1 tool grinder, 1 35 H. P. motor.

In Frame Shops

4 planers
1 36" punch, throat capacity 1 1/2", 7 1/2 H. P. direct current motor
1 No. 4 Hillis & Jones punch
1 No. 5 emery wheel
6 60 H. P. motors
6 hand traveling cranes

In Hammer Shops

- 1 2,000 pound hammer
- 1 driving axle cutting off machine
- 1 shears, capable of cutting 4" x 4" square iron
- 1 50 H. P. motor
- 8 6-ton cranes

In Bolt Rooms

- 7 lathes, 1 centering machine, 1 bolt altering machine,
- 1 nut tapping machine, 1 grinding machine.

In Wheel Shops

- 1 lathe, 1 keyseating machine, 2 10-ton cranes.

In Carpenter Shops

- 1 mortising machine
- 2 60 H. P. motors

In Sundry Shops

- 1 No. 2 punching and shearing machine, 1 drill, 1 punch,
- 1 tube cleaning apparatus motor, 1 spur cutter, 1 sand blast apparatus, 1 fox trimmer, 1 38" band saw.

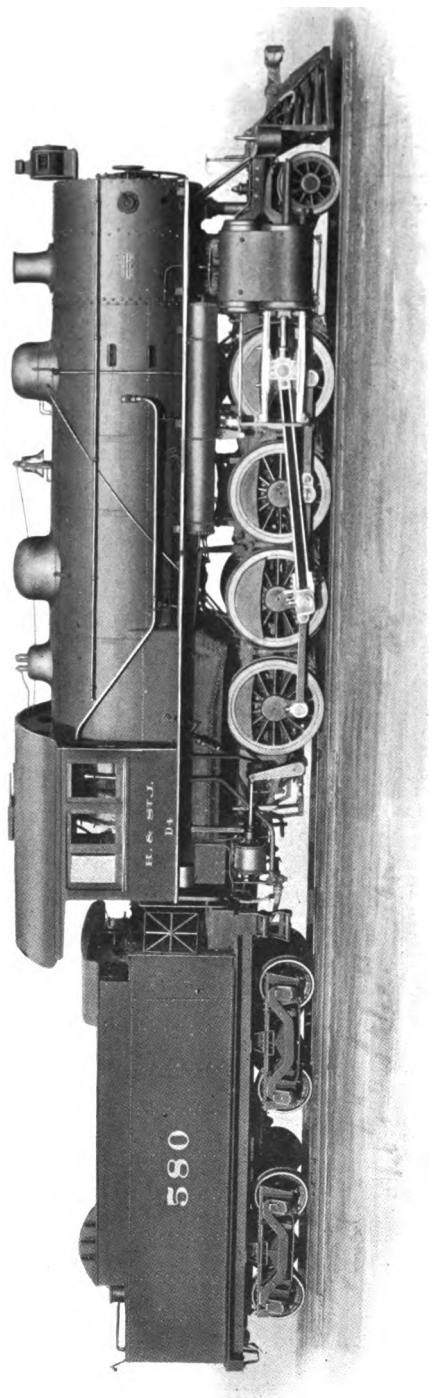
ROLLING STOCK

- 20 box cars, 40,000 pounds capacity
- 10 gondola cars, 50,000 pounds capacity
- 3 locomotive cranes
- 1 switch engine
- 14 rail trucks

FIRE EQUIPMENT

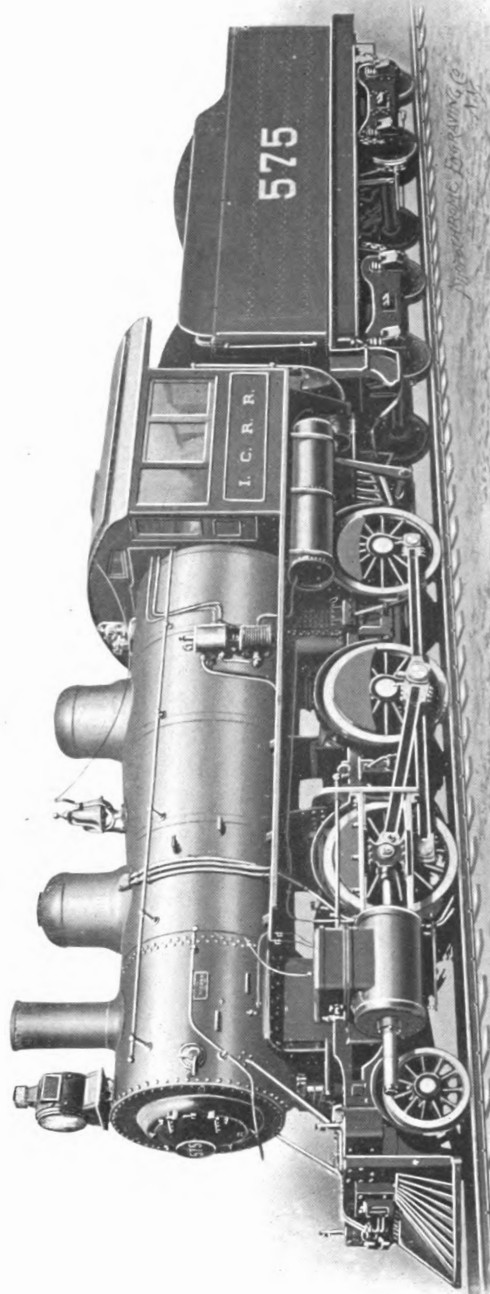
Additional automatic sprinkler systems installed at four plants

Sundry lines of watermains, piping, hose, hydrants, axes, etc., to improve fire protection



CONSOLIDATION FREIGHT LOCOMOTIVE.

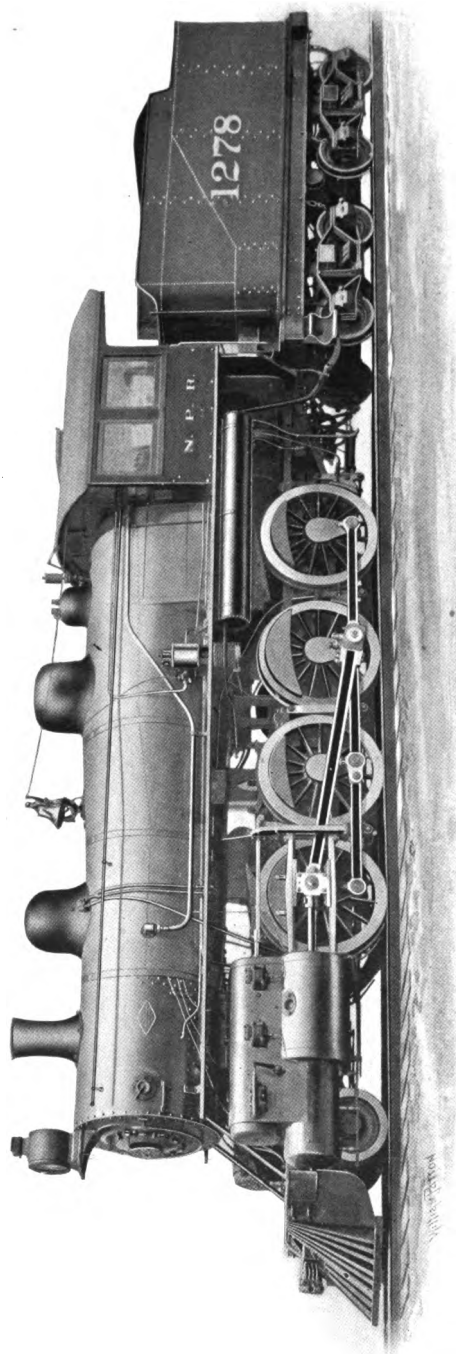
Built at the Schenectady Works for the
Hannibal and Saint Joseph Railroad. (Burlington System).
Weight, in running order, 207,900 pounds.



MOGUL FREIGHT LOCOMOTIVE.

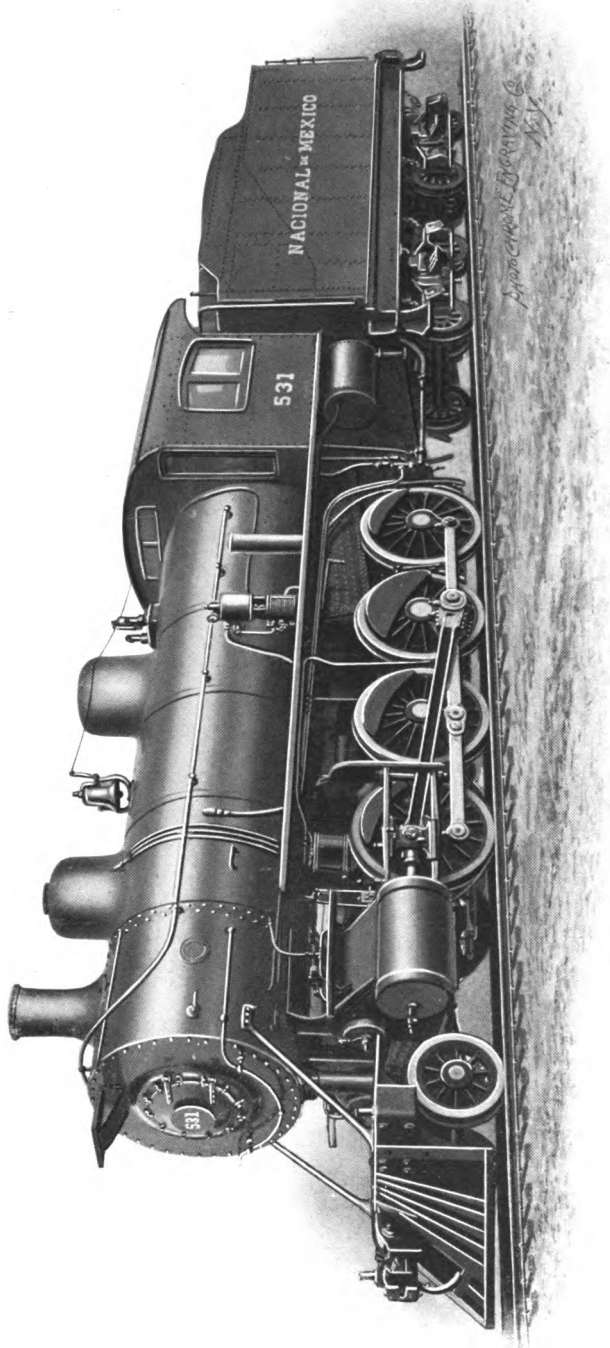
Built at the Pittsburgh Works for the
Illinois Central Railway.

Weight, in running order, 170,300 pounds.



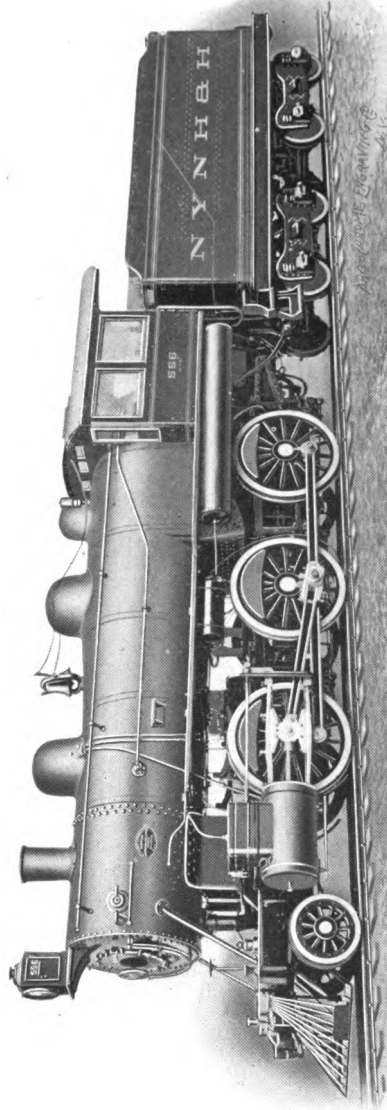
TANDEM COMPOUND FREIGHT LOCOMOTIVE.

Built by the Richmond Works for the
Northern Pacific Railway.
Weight, in running order, 202,800 pounds.



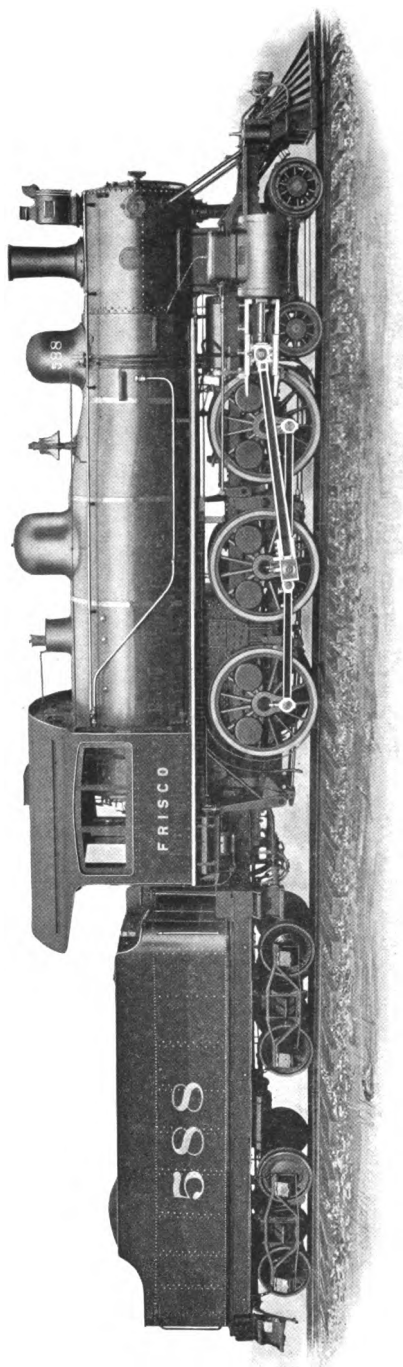
CONSOLIDATION FREIGHT LOCOMOTIVE.

Built at the Cooke Works for the
National Railway of Mexico.
Weight, in running order, 188,300 pounds.



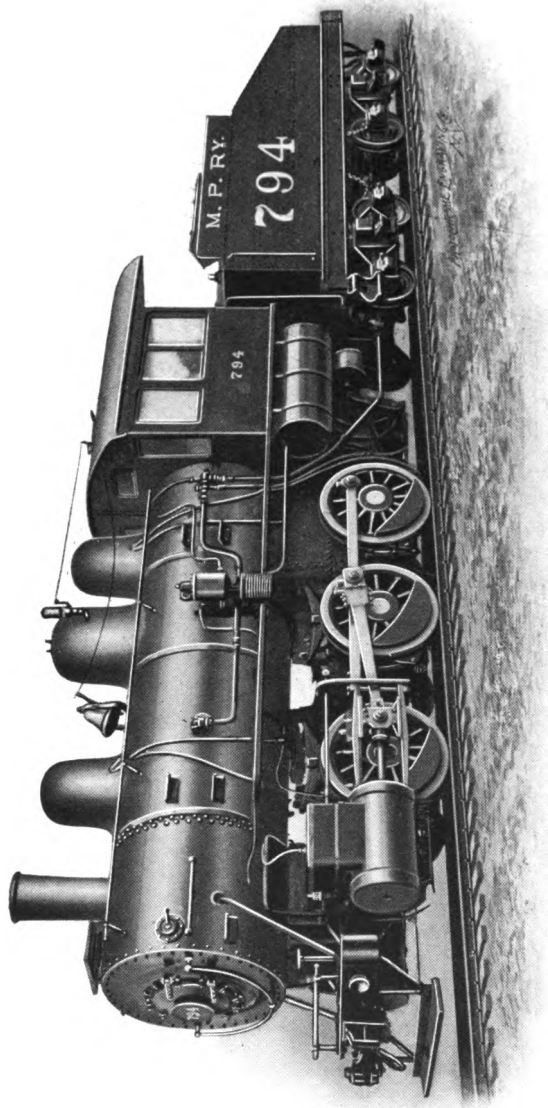
MOGUL FREIGHT LOCOMOTIVE.

Built at the Rhode Island works for the
New York, New Haven and Hartford Railroad
Weight, in running order, 154,300 pounds.



TEN WHEEL FREIGHT LOCOMOTIVE.

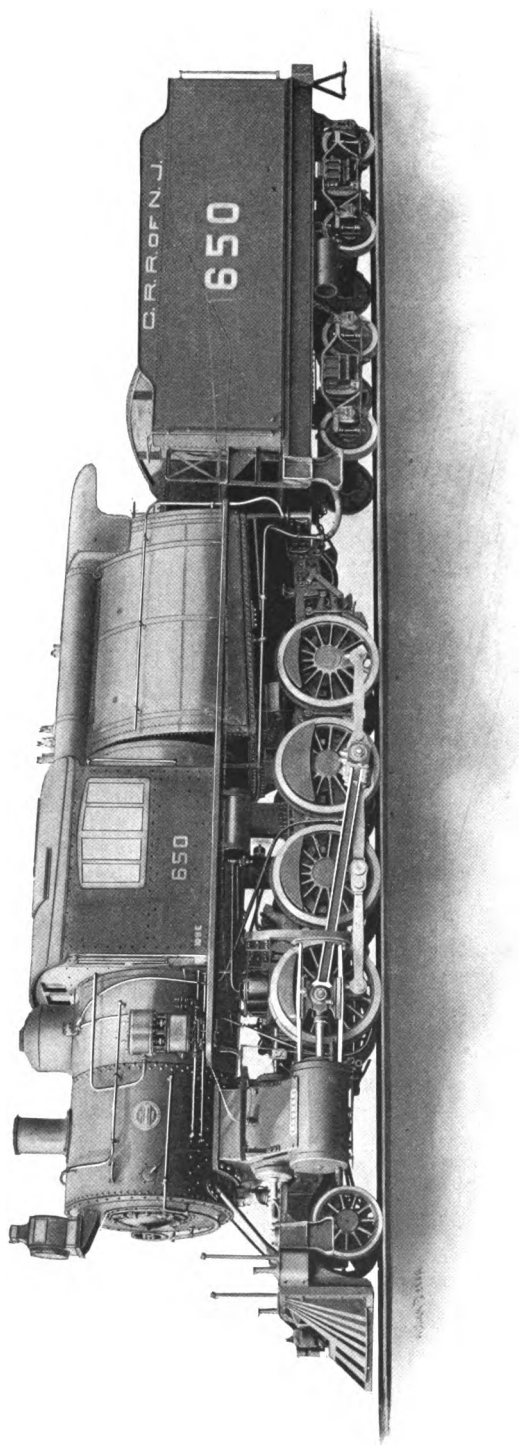
Built at the Dickson Works for the
St. Louis and San Francisco Railroad.
Weight, in running order, 159,500 pounds.



SWITCHING LOCOMOTIVE.

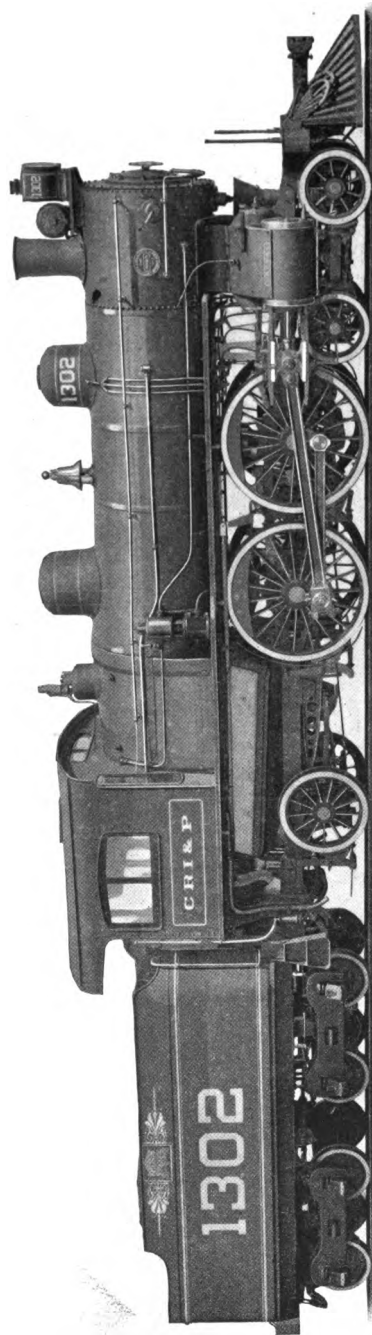
Built at the Cooke and Manchester works for the
Missouri Pacific Railway.

Weight, in running order, 130,500 pounds.



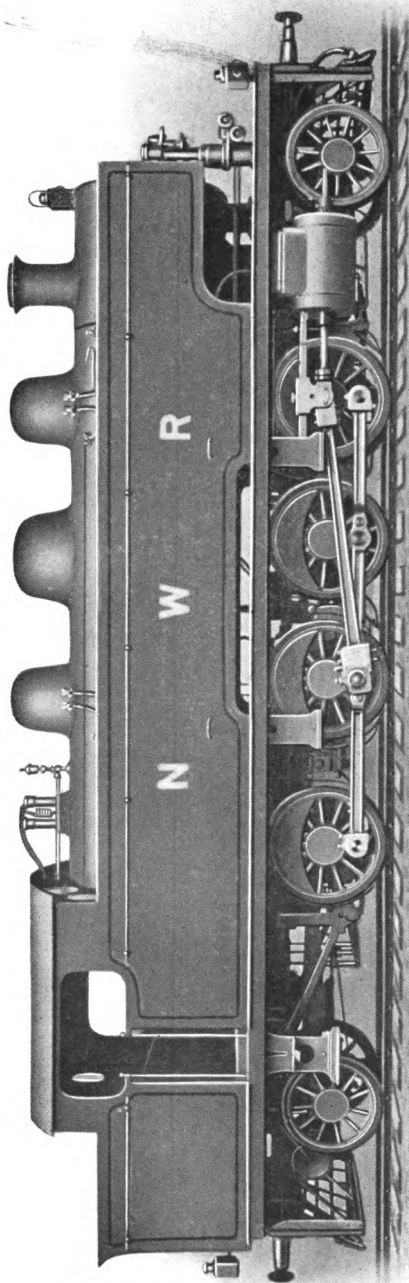
CONSOLIDATION FREIGHT LOCOMOTIVE.

Built at the Brooks Works for the
Central Railway of New Jersey.
Weight, in running order, 208,000 pounds.



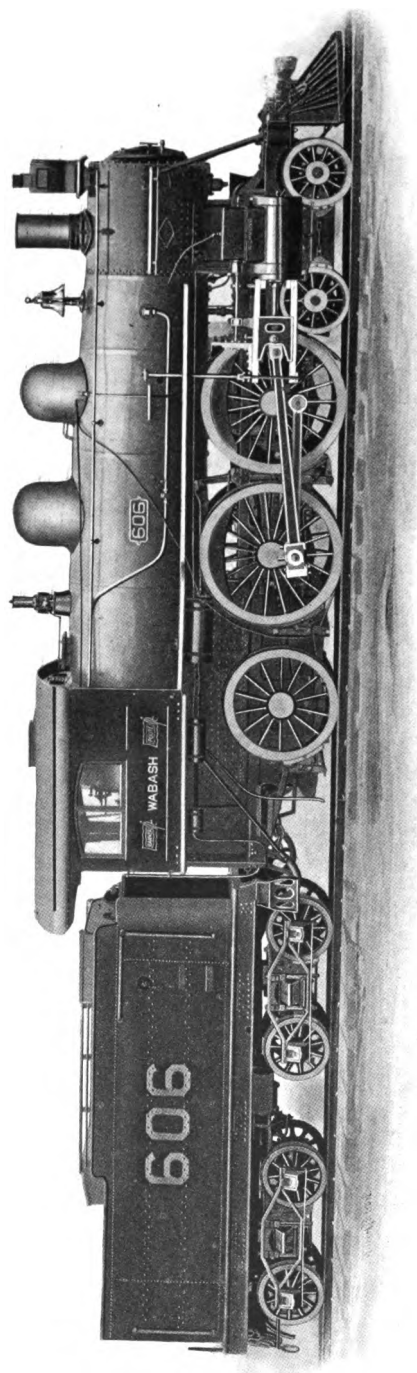
"ATLANTIC" TYPE PASSENGER LOCOMOTIVE.

Built at the Brooks Works for the
Chicago, Rock Island and Pacific Railway.
Weight, in running order, 167,500 pounds.



CONSOLIDATION TANK LOCOMOTIVE.

Built at the Pittsburgh Works for the
Indian State Railways (Northwestern Railway of India)
Weight, in running order, 214,550 pounds.



"ATLANTIC" TYPE PASSENGER LOCOMOTIVE.

Built at the Richmond Works for the
Wabash Railroad.

Weight, in running order, 161,650 pounds.



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